

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2293-01
BILL NO.: HB 1174
SUBJECT: Tax and Revenue-Property
TYPE: Original
DATE: January 24, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$37,968)	(\$294,800,000)	(\$300,700,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$37,968)	(\$294,800,000)	(\$300,700,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration (COA)** state this proposal creates an individual income tax credit for property tax paid, \$150 for single filers and \$300 for joint filers.

COA staff's estimate assumes that 61% of filers would take the property tax credit. Single filers would take a credit of \$150, and combined filers would take a credit of \$300. There are approximately 1,052,084 combined filers and 1,117,388 single resident filers in Missouri. According to the 1990 Missouri Census of Housing approximately 61% of Missourians live in owner occupied housing. The average residential property tax in Missouri is \$720. COA staff assumed two percent annual growth.

Officials of the **Department of Revenue (DOR)** state this legislation allows a tax credit up to \$150 for taxes paid on residential property owned by the taxpayer. This legislation is effective January 1, 2001, and the tax credit cannot exceed the taxpayer's liability.

ADMINISTRATIVE IMPACT:

The number of taxpayers eligible for this credit is unknown at this time. The Division of Taxation will need one temporary tax season employee (a cost of \$6,067) for every 15,000 returns filed with this credit and one tax season employee for every 3,000 pieces of correspondence received regarding the credit.

This legislation will require modifications to the corporate and individual income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,038 hours of overtime at a cost of \$31,213. Modifications to the income tax returns and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of \$6,755 is requested for implementation costs and \$1,624 for on-going costs.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

Loss to General Revenue Fund

Income Tax Credit for property taxes	\$0	(\$294,800,000)	(\$300,700,000)
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<u>FISCAL IMPACT - State Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
<u>Costs - Department of Revenue</u>			
Reprogramming costs	(\$37,968)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$37,968)</u>	<u>(\$294,800,000)</u>	<u>(\$300,700,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill allows a state individual income tax credit equal to the lesser of \$150 or the amount of property taxes paid during the tax year on property having a situs in Missouri. The credit is not refundable and the \$150 maximum credit is the limit on each tax return, regardless of marital status.

This tax credit will apply to tax year 2000 and thereafter.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Revenue



Jeanne Jarrett, CPA
Director
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